

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

Docket No. 2001-223

April 15, 2004

PUBLIC UTILITIES COMMISSION  
Maine Telecommunications Education  
Access Fund

ORDER

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WELCH, Chairman; DIAMOND and REISHUS, Commissioners

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**I. SUMMARY**

In this Order we approve the MTEAF Advisory Board's recommendations to the Commission, made pursuant to Chapter 285 § 6(B), concerning the operation of the Maine Telecommunications Education Access Fund (MTEAF) from July 2004 through June 2005. The MTEAF will continue to fund the same Internet and support services as it did in 2003-2004. In addition, we approve funding of DSL connections, where available.

**II. APPROVAL OF MTEAF PROGRAM ELEMENTS FOR 2004 – 2005**

Title 35-A M.R.S.A. § 7104-B(4) provides that MTEAF funds must be used to provide discounts to qualified schools and libraries for the following: telecommunications services; Internet access; internal connections; computers; training; and content. Chapter 285 § 6(B) of our Rules requires the MTEAF Advisory Board to recommend to us annually the services that should be funded for the upcoming year, the funding level, and the overall amount to be assessed by carriers. Based on the recommendation of the Board, we approve the following program elements for operating the MTEAF from July 1, 2004 through June 30, 2005.

A. Basic Program Elements

We continue to fund sufficient bandwidth and Internet service at no cost to all qualified schools and libraries pursuant to 35-A M.R.S.A. § 7104-B(1). This includes 56 Kbps and T-1 connections. For the first time, we will fund DSL connections for sites needing upgrades from 56 Kbps connections which are located in areas where DSL is available. We also continue to provide funding for ATM sites, Circuit Riders, Alternative Equivalent Value, MLTE and Fogler Library databases as further described below

B. Assessments by Carriers

Title 35-A M.R.S.A. § 7104-B(3)(A) requires the Commission to annually establish an amount of up to 0.5% of retail charges, to be collected by intrastate carriers for the MTEAF. Chapter 285 § 2(B) requires the Commission, in establishing the amount to be collected, to consider the needs of schools and libraries, the amount

collected in the previous year and the impact on ratepayers, particularly when integrated with any State Universal Service Fund.

During the past three years the Advisory Board recommended that the maximum rate of 0.5% be collected. The Board projects that this will produce funds sufficient to support continued connections to the Internet for all of Maine's schools and libraries assuming the Federal E-Rate pays for approximately 60% of the cost. The fund administrator expects MTEAF assessments of .5% of revenues for the July 1, 2003 to June 30, 2004 period to yield approximately \$3.0 million, with the same amount in 2004-2005 at the 0.5% level. The Board projects that it will cost MTEAF approximately \$2.7 million after the E-Rate discount to operate the school and library network (see Attachment 1) during 2004-2005. Therefore, it recommends that collection continue at the 0.5% level.

In determining the amount to be collected from carriers, in addition to the projected cost of the program, we also consider the level of discount to be received through the Federal E-Rate program and any USF assessments being charged to customers. To date, MTEAF (through the MSLN Consortium) has not received Federal E-Rate funding for the years 2002-2003 or 2003-2004 (the 2004-2005 application is also currently pending). Therefore vendors have been paid solely from the current fund balance in the MTEAF pending award of federal funds. By June 30, 2004, nearly all funds remaining from our original MSLN program will have been spent if we receive no additional E-Rate Funds.

All intrastate carriers also currently contribute to a Universal Service Fund at a rate of 1.48% (or 0.0148) of each carrier's intrastate retail revenues, pursuant to Chapter 288 § 4(6). We prefer to keep the MTEAF assessment as low as possible, given this additional USF assessment. However, to provide support for essential services to schools and libraries and given the delays in receiving Federal E-Rate funding, we find it necessary to continue to assess carriers at the maximum level of .5%.

C. Innovative and Technologically Advanced Program

Title 35-A M.R.S.A. § 7104-B(5) requires that "[a] minimum of 25% of each annual program budget must be devoted to targeted projects that are innovative and technologically advanced." We will continue to meet this requirement in the year 2004-2005 in a number of ways. Our funding for ATM connections for schools and libraries supports an innovative and technologically advanced service. Our new funding of DSL technology also meets this criterion. In the context of overall annual spending from the Fund, financial support for both the MLTE laptops and Fogler databases also fits this category.

D. Circuit Riders

The MSLN currently supports three "circuit riders" who are available by phone, e-mail, and onsite visits to assist schools and libraries. Feedback on this program has continued to be extremely positive, especially for small schools and

libraries. The Board proposes continuation at a cost of \$232,950 annually. We agree with the Board that the MTEAF should continue to fund this service.

E. Replacements for FRADS

Currently approximately 300 sites have 56 kbps connections using a FRAD (Frame Relay Access Device). Some of these FRADs are wearing out. The FRADS are no longer manufactured and it is not cost-effective to repair them. The last two years we funded 100 routers to replace inoperable FRADS. As of March 31, 2004, Verizon had 60 routers in inventory. We will defer a decision on purchasing additional routers until this inventory has been used.

F. Raymond H. Fogler Library at the University of Maine – Digital Library

By separate order issued on February 20, 2004, we approved the transfer of an additional \$500,000 to allow Fogler Library to continue to provide access to electronic databases to citizens statewide, for FY 2004 and FY 2005, contingent on MSLN receiving Federal E-Rate funding.

G. Maine Learning Technology Endowment

On September 14, 2001, we agreed to provide funds from the MTEAF to support certain network functions necessary for the Maine Learning Technology Endowment (MLTE) (laptop initiative) and to support certain other functions for the MLTE. Under the Order, the MTEAF will provide payments totaling no more than \$9 million over a four-year period beginning in August of 2002. Support will be capped at \$2,250,000 per year. In February 2004, we approved the transfer of \$2.25 million for FY 2004, contingent on the receipt of Federal E-Rate funds. We will consider providing funds for 2004-2005 upon the request of the Commissioner of Education.

H. Asynchronous Transfer Mode (ATM)

Beginning in 1999, the Commission authorized financial support from MSLN funds for high schools and libraries choosing to participate in the State's ATM project. Order, Docket No. 1996-900 (Mar. 3, 1999). A bond issuance paid for infrastructure and classroom equipment for interactive fiber optic cable and ATM (Asynchronous Transfer Mode) switching. Sites can use their ATM connection for voice, data (instead of a T-1 line) and video. These sites pay \$2,075 per month for this service and each site applies for Federal E-Rate (with discounts ranging from 20% to 90%). Because the sites use their ATM in lieu of a T-1, the Commission agreed it was appropriate to provide some financial support from MSLN funds to cover costs not paid for by Federal E-Rate. The Commission chose \$358 per month as an estimate of half the amount remaining after applying the average school E-Rate discount. There are now 90 sites with ATM. Their average E-Rate discount is 66%. Therefore, \$358 continues to represent approximately half the amount owed after E-Rate is applied.

Beginning in 2001, we agreed to provide financial support for elementary and middle schools that are close enough to an ATM site that they can share the

connection. These are sites that otherwise would have been eligible for their own T-1 or 56 Kbps. We agreed with the Board's recommendation that these shared sites continue to receive MTEAF funds in the amount for which they would otherwise be eligible, up to an amount not to exceed the monthly cost of the ATM connection where all the sites' credits are taken together.

The total cost for ATM support in 2004-2005 is expected to be \$482,000. We agree with the Board's recommendation that this support should continue. It also continues to support the requirement that 25% of MTEAF spending be for technology advanced services.

I. Alternative Equivalent Value

For FY 2003-2004, we approved schools and libraries receiving the equivalent value of their current T-1 to put the money toward the purchase of higher bandwidth such as ATM, T-3, or a cable connection. The Board recommends that the Commission continue to authorize the Board to approve AEV requests for services that provide equivalent or greater quality of service, with reimbursements at no more than the amount for which the site would ordinarily be eligible (56 or T-1) after the Federal E-Rate MSLN Consortium discount is applied. The Board will also condition AEV on the site applying for Federal E-Rate for the service. We agree and authorize the Board to approve such requests.

III. **CONCLUSION**

As described above, the fourth year (July 1, 2004, through June 30, 2005) of MTEAF funding will be used to maintain the services for which MTEAF has paid for in previous years. We delegate to the Chair of the Advisory Board the authority to direct the MTEAF fund administrator to make disbursements consistent with this Order.

Dated at Augusta, Maine, this 15<sup>th</sup> day of April 2004.

BY ORDER OF THE COMMISSION

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Dennis L. Keschl  
Administrative Director

COMMISSIONERS VOTING FOR:      Welch  
                                                 Diamond  
                                                 Reishus

## NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within **21 days** of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

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